

REDSTONE ARSENAL ENHANCED USE LEASE INDUSTRY FORUM

10 May 2006



Welcome

- Schedule for the day
- Question and answer format
- Lunch
- Site tour details
- Breaks
- Marriott Ballroom information



Day's Agenda

0900 – 1000	Registration and Continental Breakfast	All
1000 – 1015	Introductions and Announcements	JLL
1015 – 1030	Welcome	Colonel Olshefski MG Pillsbury Mayor Spencer
1030 – 1100	Overview of Redstone Arsenal	RSA
1100 – 1130	Overview of EUL Opportunity at Redstone Arsenal	JLL
1130 – 1230	Tour of proposed EUL site	RSA
1230 – 1315	Lunch and networking	
1315 – 1330	Overview of Department of Defense EUL Program	USACE
1330 – 1345	Overview of Solicitation Process	USACE
1345 – 1400	Break	
1400 – 1445	Panel / Q&A Session	JLL
1445 – 1500	Closing	JLL



OVERVIEW OF REDSTONE ARSENAL

Colonel John Olshefski
Garrison Commander



Installation Organizations



How Team Redstone Provides Capability to the Joint Warfighter

Threat
Assessment

Requirements
Determination

Data Analysis
& TMDE

Program
Management

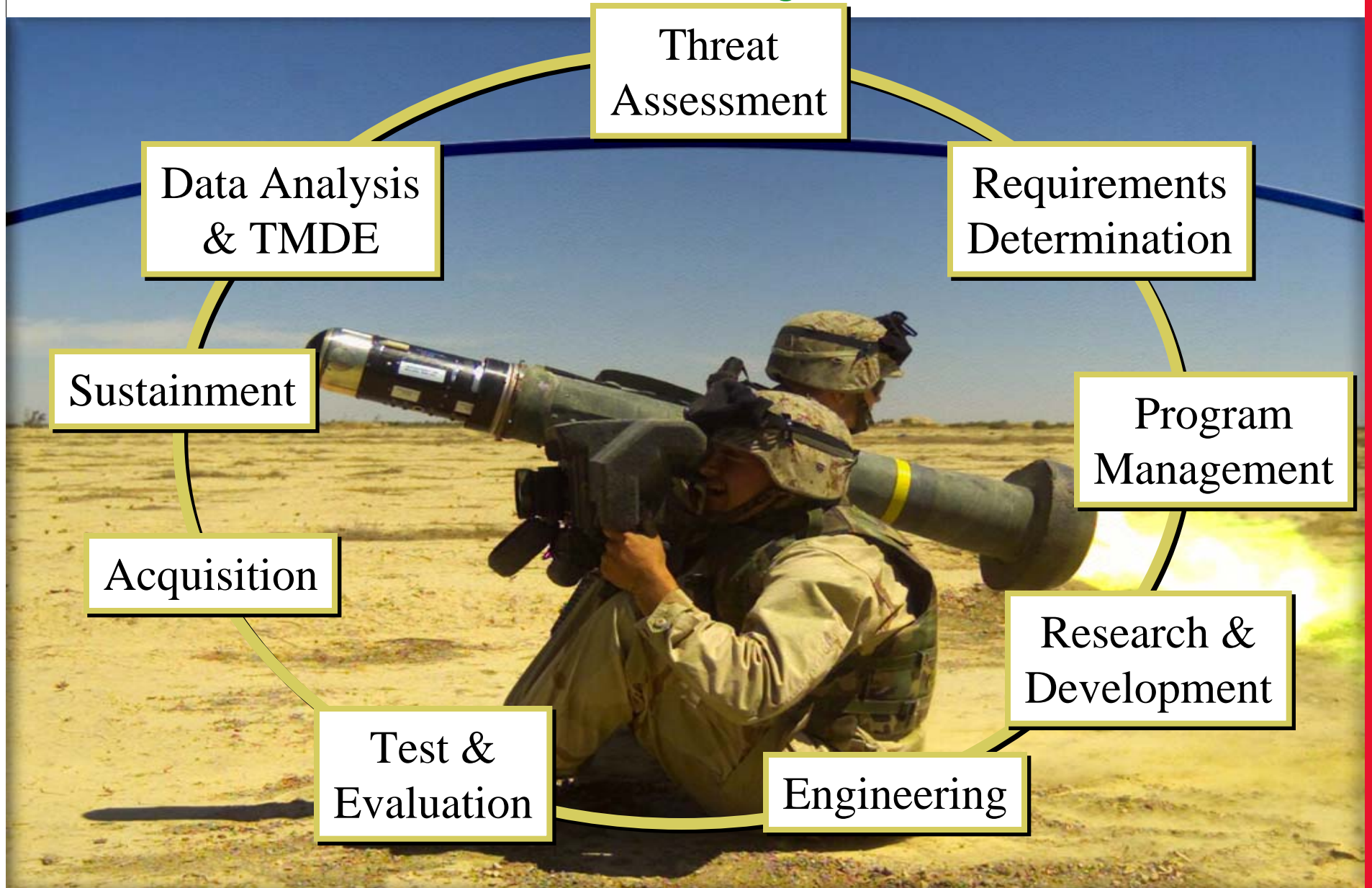
Research &
Development

Engineering

Test &
Evaluation

Acquisition

Sustainment



Economic Impact: Team Redstone Totals

	FY04	FY05	FY06 *
Payroll	\$1.6B	\$1.6B	\$0.9B
Procurement	\$15B	\$12B	\$9.1B
Total Budget	\$25B	\$23.7B	\$17.6B

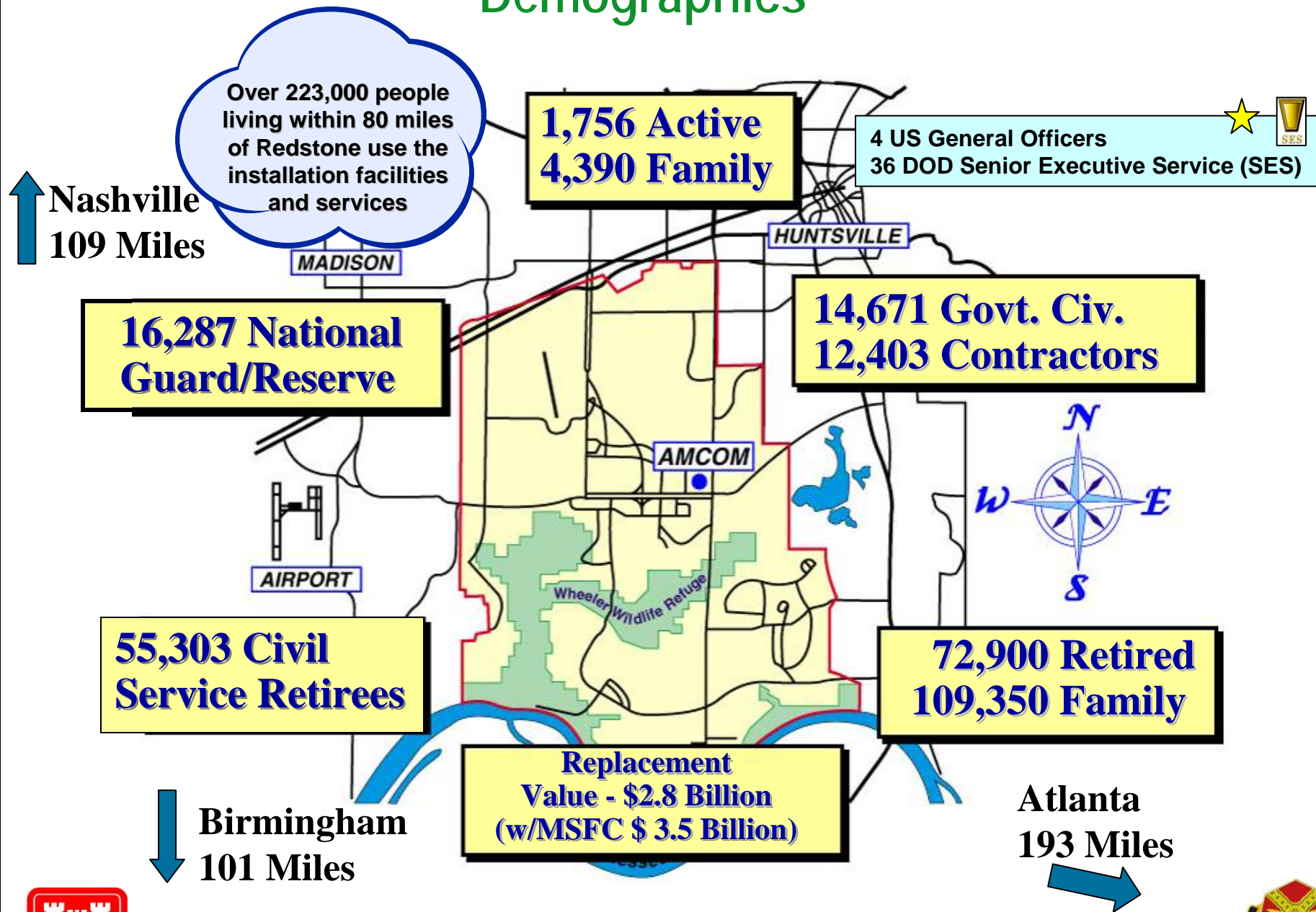
Statewide Payroll Comparisons	
Auto Manufac.	\$1.4B
Aerospace	\$1.98B

Contracts	FY05	FY06
Local	\$3B	\$2.3B
Alabama	\$3.2B	\$2.4B

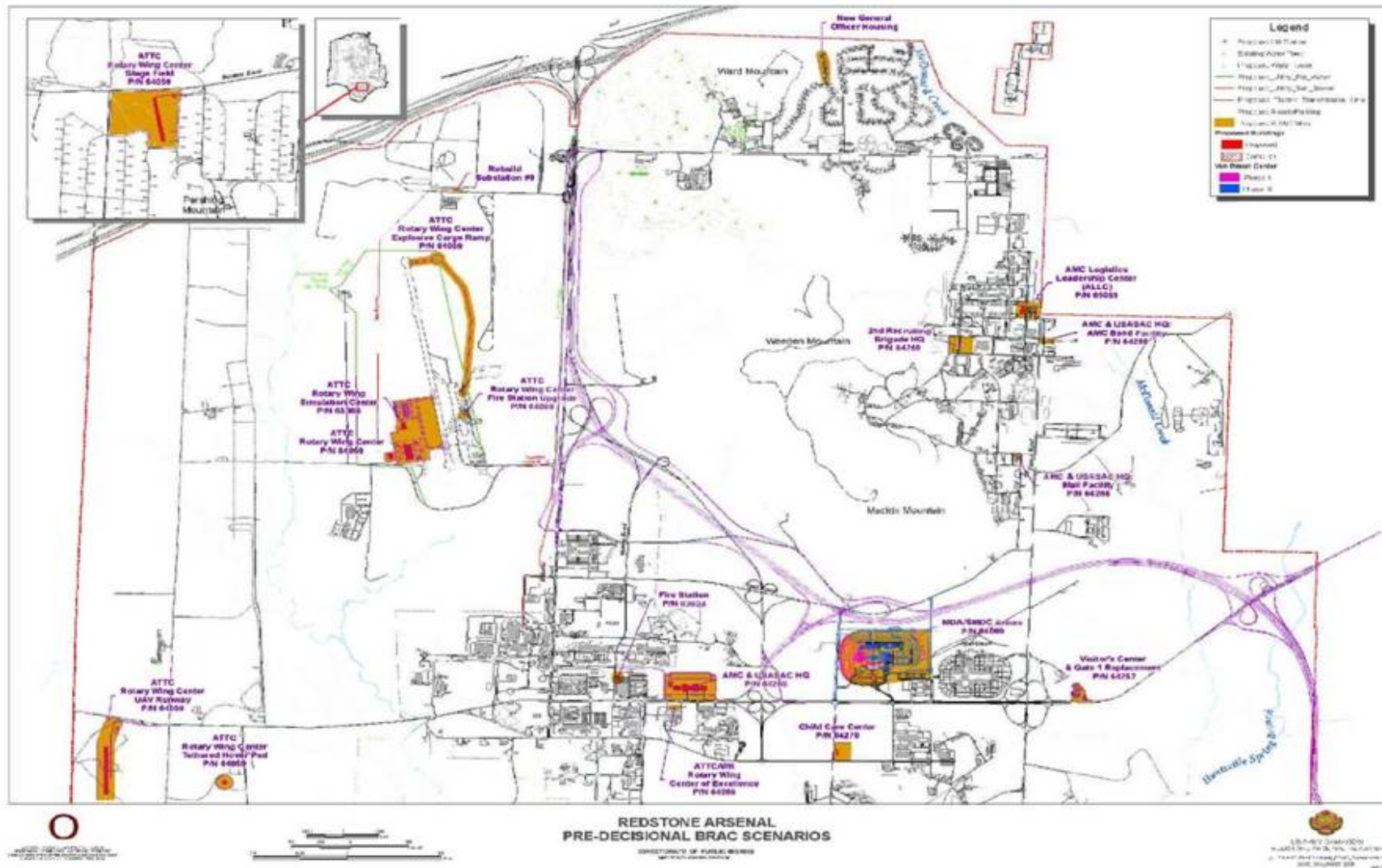
* Does not include Ground-Based
Midcourse Defense



Demographics



BRAC – The Big Picture on Construction



OVERVIEW OF THE EUL SITE

Joe Davis
Chief, Master Planning Division
Redstone Arsenal Garrison



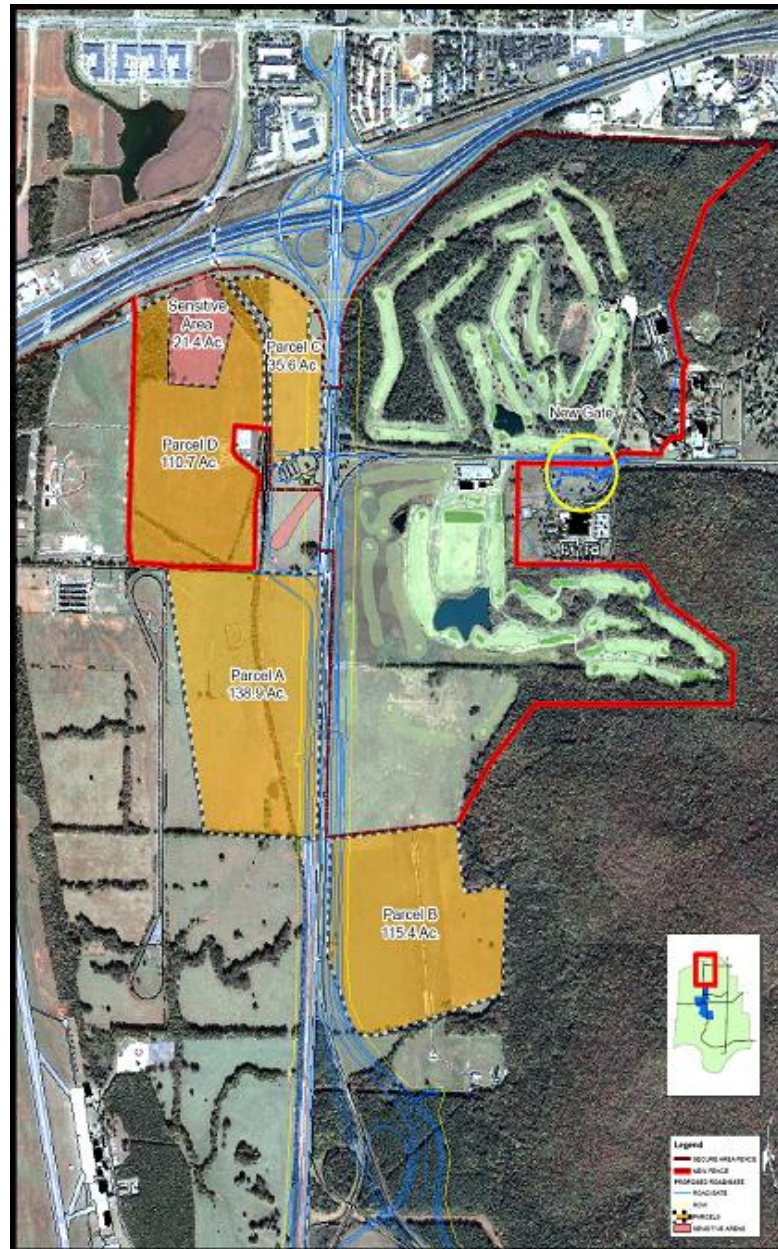
Redstone Arsenal EUL Project Goals

Goals:

- Strengthen Redstone Arsenal's facilities and tenant-base to support the Department of the Army's mission
- Develop improvements according to the site's optimal use within the constraints and restrictions provided by the Army
- Allow Redstone Arsenal to utilize in-kind considerations generated by the project to enhance mission capabilities and the quality of life for those working at and served by the installation
- Employ best commercial practices to the benefit of both the Army and Developer
- Develop an aesthetically pleasing project using quality construction



Map of the EUL Site



Summary of RSA EUL

- Lease 422 acres of developable land located along Rideout Road for:
 - Single or multi-tenant office
 - Research and development
 - Conference center
 - Academic development



OVERVIEW OF THE REDSTONE ARSENAL EUL OPPORTUNITY

Brian Kenner
Vice President
Jones Lang LaSalle



Redstone Arsenal EUL Opportunity - Overview

- Development Opportunity
- Benefits
- Market Context
- Project Concept



Redstone Arsenal EUL Opportunity - Development

■ Opportunity

- Determine and develop the optimal facility on the parcel situated along Rideout Road inside Gate 9 of Redstone Arsenal
- Potential development types include:
 - Office
 - Research and development
 - Educational and conference facilities

■ Potential tenants:

- Those relocating due to BRAC
- Those complying with force protection requirements
- Those wanting to position themselves inside the gate and be proximate to demand generators



Redstone Arsenal EUL Opportunity - Benefits

■ Private Sector Benefits

- Market rate return
- Access to new markets (e.g. federal and military)
- Tap high, stable demand for secure office space

■ Government Benefits

- Support Redstone Arsenal with in-kind considerations
- Obtain no less than fair market value for lease of government-owned land



Redstone Arsenal EUL Opportunity - Market Context

- **Strong demand for secure office space**
 - Recent BRAC recommendations will be net addition of personnel for Redstone
 - Government agencies must comply with tighter force protection requirements by 2008
- **Growth-oriented city council**
 - Local government officials support business attraction and retention
- **Convenient location and clean site**
 - Site location inside Gate 9 enables contractors to easily access those working at Redstone throughout the day
 - Flat and vacant land site with no known environmental issues
 - Located next to major transportation routes
 - Convenient to Huntsville International Airport



Redstone Arsenal EUL - Project Concept

■ Private sector development opportunity

- Private developer to lease a parcel of land
 - Site comprised of 422 total acres
 - All acres developable
- 50-year lease
- Business and Leasing Plan

■ Long-term relationship between Developer and Army

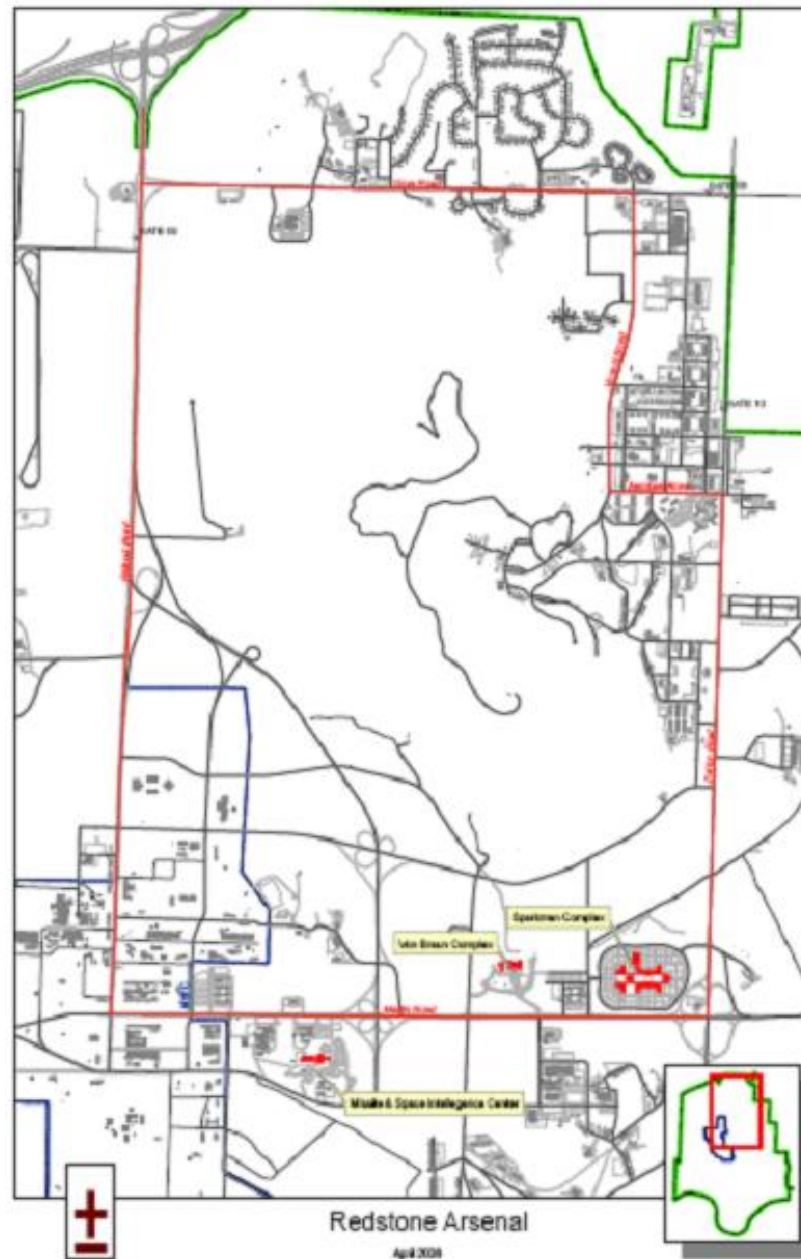
- Developer/Manager secures financing
- Developer/Manager develops facilities
- Developer/Manager secures and negotiates with tenants
- Developer/Manager operates and maintains facilities
- Developer/Manager provides in-kind consideration of no less than the fair market value of the leased asset



TOUR OF PROPOSED EUL SITE



Map of Site Tour



OVERVIEW OF THE SOLICITATION PROCESS

Bob Penn
Assistant Chief of Real Estate Division
U.S. Army Corps of Engineers
Baltimore District



A bald eagle with a white head and yellow beak is perched on the left side of the frame. The background is a close-up, slightly blurred image of the American flag, showing the red and white stripes and the blue field with white stars. The eagle's head is turned slightly to the right, looking towards the center of the image.

U.S. Army Corps of Engineers Enhanced Use Leasing

What is Enhanced Use Leasing?

- Enhanced Use Leasing is a new tool in the military's arsenal that provides an alternative to traditional approaches of acquiring, constructing or upgrading facilities.
- Leverage DoD assets that are currently available, but not excess to the Military's needs
- Receive rent in cash or in-kind services no-less-than FMV of asset
- Achieve installation's short-term and long-term goals and objectives



Enhanced Use Leasing

Title 10 USC § 2667 gives Military Departments authority to:

- Enter into long-term or short-term leases, providing greater flexibility for facility reuse
- Lease land and/or buildings
- Receive income on leased property, which can be used to fund other new construction and does not have to be invested in the leased property



Why Does Army Lease?

- To use In-kind to upgrade base infrastructure
- To off-set declining Operation & Maintenance budgets
- To attract tenants who are synergistic with an installation's mission
- To avoid cost of maintaining or razing old buildings
- To free-up space for new goals and objectives

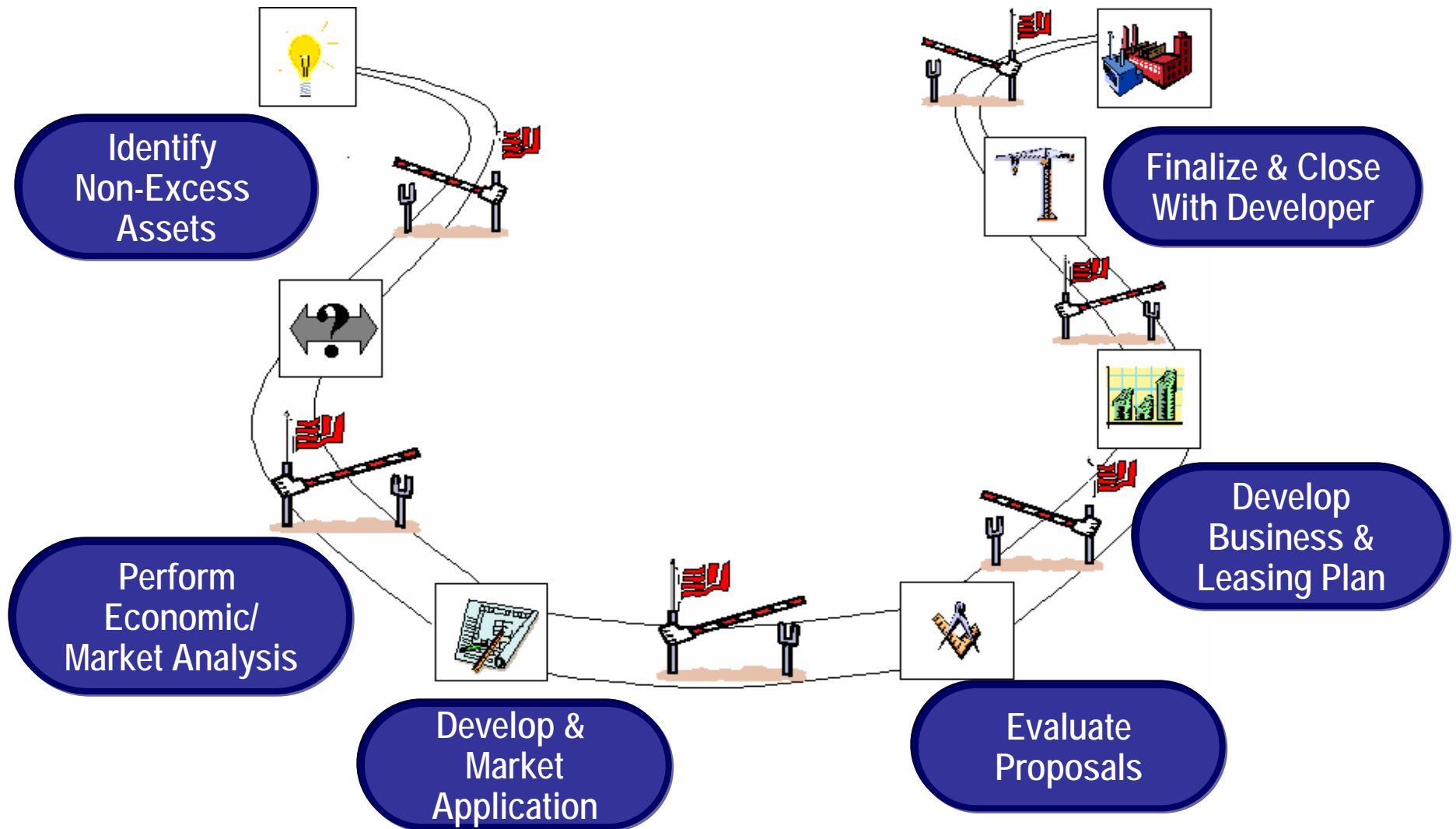


How Does Army Lease?

- Competitive (Advertising) Process
- Source Selection Process
- Negotiation Process



EUL Process



Benefits of EUL for Private Sector

"The promise of win-win dealings rarely looked so achievable" – EUL developer quote

- **Market Rate Returns:** Developer captures market rates of return on design, construction, maintenance, leasing/sales, and property management activities
- **Long-Term Relationship:** Ground lease for assets is up to 50 years.
- **Efficient Developer Selection Process:** Approach is to minimize time and effort of bringing a development entity on board to perform work
- **Growing Program:** DoD EUL program is in its early development stages, anticipation of many more projects across the country



Benefits of EUL to Army

- Unleashes captive value from property
- Provides for needed development
- Attracts synergistic tenants who complement missions at Redstone Arsenal (RSA)
- Supplements under-funded O&M
- Provides in-kind funding source for needed and non-funded capital improvements
- Stimulates local job market
- Bolsters community relations



What Does the Deal Look Like?

- Army Goal – Maximize land rent by mirroring a private sector transaction
- Developer Teams
- Think Real Estate!



Overview of the Solicitation Process

- Description of Solicitation Plan
- Notice of Intent to Lease (NOL)
- Overview of Evaluation Criteria
- Overview of Evaluation Process
- Lessons Learned for NOL Application Submittal
- Anticipated Milestones & Next Steps



Description of Solicitation Plan

1. Prepare draft NOL and issue pre-solicitation document

2. Solicit industry interest and conduct Industry Forum

3. Finalize NOL and issue to Offerors

4. Receive and evaluate proposals

5. Determine competitive range/select Successful Offeror

6. Partnering session with Government and Developer

7. Developer creates business and leasing plan for Government review

8. Government reviews and edits business and leasing plan

9. Developer and Government sign lease



Description of Notice of Intent to Lease (NOL)

Determining "Best Value" for the Department of the
Army and Redstone Arsenal



Proposal Review Process



Evaluation Criteria for Solicitation



Description of Real Estate Assets



Redstone Arsenal Project Vision and Goals



Description of Enhanced Use Leasing Authority



Overview of Evaluation Criteria

Factor	Description
Relevant Experience/ Past and Present Performance	<ul style="list-style-type: none"> ▪ Experience with Comparable Projects ▪ Objective Assessment of Prior Performance
Financial	<ul style="list-style-type: none"> ▪ Financial Capabilities
Development Plan	<ul style="list-style-type: none"> ▪ Understanding of Requirements ▪ Proposed Concept and Vision
Marketing Plan	<ul style="list-style-type: none"> ▪ Ability to Market Project to Tenants
Property Maintenance/Management	<ul style="list-style-type: none"> ▪ Relevant Experience Managing Similar Projects ▪ Envisioned Management Plan for Redstone Arsenal
Capability/Qualifications	<ul style="list-style-type: none"> ▪ Staffing Plan ▪ Key Personnel ▪ Organizational Approach
Achievement of Army Goals, Objectives, and Concepts	<ul style="list-style-type: none"> ▪ Understanding of Army's Project Objectives
Experience in Community Relations	<ul style="list-style-type: none"> ▪ Experience with Community Partners ▪ Envisioned Community Approach



Overview of Evaluation Criteria

Each Criterion Receives Factor Rating...

Factor Rating	Description
Exceptional (+)	The offeror has addressed substantially all of the elements in this factor in a manner that demonstrates superior added value above a satisfactory response for substantially all of the elements.
Exceptional	The offeror has addressed many of the elements of this factor in a manner that demonstrates superior added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates high added value above a satisfactory response.
Acceptable (+)	The offeror has addressed many of the elements of this factor in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates a satisfactory response.
Acceptable	The offeror has addressed substantially all of the elements in this factor in a satisfactory manner.
Unacceptable	The offeror has failed to address substantially all of the elements of this factor in a satisfactory manner or has simply failed to address substantially all of the elements in this factor.



Overview of Evaluation Criteria

... And A Risk Rating

Factor Risk Rating	Description
Low Risk	Any weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror have little potential to cause disruption to the planning and implementation phases. Normal contractor/government effort and monitoring will probably minimize any difficulties.
Moderate Risk	These are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that can potentially cause disruption to the planning and implementation phases. Special contractor/government emphasis and close monitoring will probably minimize any difficulties.
High Risk	These are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that have the potential to cause significant disruption to the planning and implementation phases even with special contractor/government emphasis and close monitoring.



Lessons Learned NOL Application

- Include all of the information and data requested by the solicitation. When in doubt.....ask!
- Review submittal for compliance with all requirements including page limitations and font size. Pages over page count limitations will be excluded.
- Be specific when describing past performance and experiences (i.e. provide clear descriptions of projects completed). Do not make the evaluation team have to “interpret” the proposal!
- Acceptable to include company brochures and websites as background, however, no guarantee they will be evaluated



Lessons Learned NOL Application

- Be prepared for oral presentations
- Put best foot forward during this stage....don't expect another bite at the apple
- Army expects a world-class developer to supply a high-quality project!
- Reference documents and NOL draft and final versions are downloadable from web at <http://eul.army.mil/redstone>.



Upcoming Process

How to stay plugged in!!

<http://eul.army.mil/redstone>

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QUESTION & ANSWER PANEL



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